

4/6/78 [2]

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	J. McIntyre to Pres. Carter, 25 pp., re: Violation of Sec. 3679 of Revised Statutes, attached to Memos not submitted	4/5/78	C
Memo	Frank Moore to Pres. Carter, 2 pp., re: HUD Director in Tennessee	4/6/78	C
Memo	R. Lipschutz to Pres. Carter, 15 pp., re: Culver Kidd	4/6/78	C

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential
Handwriting File 4/6/78 [2] Box 79

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
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THE PRESIDENT HAS SEEN

U. S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

9
✓

APR 6 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: SECRETARY OF LABOR *Ray*

SUBJECT: ALTERNATIVE ANTI-INFLATION
LANGUAGE FOR ASNE SPEECH

I am concerned that, except for the farm bill veto, the current list of anti-inflation proposals will not add up to much quantitatively (less than 0.1 percentage changes in the Consumer Price Index). My worst fear is that this judgment will be shared by the media and that the Administration will be driven by such pressures much closer to adopting guidelines or even controls. My suggested solution is to make certain the anti-inflation effort you announce represents only the beginning of a continuing and comprehensive anti-inflation strategy. I would do this by integrating all the proposed anti-inflation actions in a sectoral approach covering the entire economy.

The attached draft outlines some possibilities for reducing inflation in several sectors. I find these possibilities appealing and think they would add strength to the speech. But they have not yet been discussed with the agencies who would be directly involved. The draft should be considered as an alternative for the anti-inflation section of your speech. It is only illustrative of what could be said on this topic, and follows, to the best of my recollection, the proposed speech I saw briefly at the last EPG meeting. I have discussed with your other economic advisers the possibility of incorporating material like this in the speech but they felt it was too late to be included.

Attachment

THE SECTORAL APPROACH TO ANTI-INFLATION POLICY

Alternative Material for Organizing the Anti-inflation Proposals in the President's Speech

A lasting solution to the problem of inflation must be built on the principle of cost reduction in each major sector of the economy. By developing a separate cost reduction strategy for each major economic sector, we can build an anti-inflation program that respects the diversity of our economy and the advantages of the free market system.

My anti-inflation strategy is based on four principles:

- It must be a comprehensive approach that covers most of the economy, not just a reaction to a few unrelated but highly visible inflationary events.
- It must be sustainable over the long-haul. It has taken a long history of inflation to get us into our present problem, and it will take a long time to wring the inflation out of the system.
- It must be flexible and tailored to the diverse needs and requirements of the many different sectors within our economy.

- It must emphasize productivity and the more efficient use of resources in each sector, and in particular it must emphasize what government can do to remove impediments to efficient operations in each sector.

Specifically, I will move as promptly as possible to establish Cabinet-level task forces to develop strategies for lowering inflation in the following areas:

Government--I want government to be in the forefront of the battle against inflation. I have previously asked the private sector to observe the principle of deceleration--that this year's wage and price increase be less than the average of the last two years.

In keeping with this principle, I am asking Federal workers to accept a lower pay increase this year than the average of 6 percent they received in the last two years. Specifically, I intend to propose a pay increase for Federal workers of about 5 1/2 percent this year. This proposal has been reviewed with representatives of the major unions representing Federal employees.

I am asking for this restriction not because I want Federal workers to bear an unfair share of the burden. I am asking for this restriction to make clear that the Federal government is willing to do its part. I do not intend that Federal workers be alone in their sacrifice.

I am also asking State and local government leaders to follow the policy of deceleration for the wages they pay and to reduce where possible those taxes--such as the sales tax--that contribute directly to higher prices and costs.

I am directing a change in Federal procurement policy to make sure that it is carried out in a non-inflationary way. (Barry had some good examples here that should be included.)

I have recently established a new procedure for analyzing all regulations proposed by Executive Branch regulatory authorities. This procedure will insure that the inflationary effect of all regulatory proposals is considered and that less costly alternatives are carefully examined.

I am asking the independent regulatory agencies to consider the effect of their decisions on inflation and to establish where possible rate-setting procedures that lead to lower prices.

I am happy to report that we have already made progress on reducing the paperwork burden and the regulatory burden we impose on private firms. I intend to see that this progress is continued.*

* All underlined sections contain material that is new in this alternative draft. This material has not been reviewed by the President, the EPG, or by the agencies that would be directly involved in these suggestions.

(Paragraph on Federal spending and the deficit should go here.)

The other task forces I set up will be assigned to examine major sectors in the private economy to see what can be done to reduce costs. I intend to meet with leaders of business and labor in these sectors to ask for their personal co-operation in the effort to slow inflation. I will ask these leaders not only to apply the principle of deceleration to their own sectors but to suggest to us ways in which government can further reduce private costs. I will ask business leaders in particular to set an example for the entire private sector by restraining the rate of increase of Executive pay.

I will ask the heads of the task forces and the Council on Wage and Price Stability to initiate meetings with the appropriate private sector representatives to see that suggestions for ways to reduce costs are made on a cooperative basis. Many sensible proposals for reducing the burden of government are often ignored because of the lack of an administrative organization to consider these proposals.

In addition to meeting with private sector representatives, it will also be the responsibility of these task forces to monitor price developments in each sector and to

anticipate problems that could lead to price increases in the future. The task forces will also be requested, of course, to propose ways to slow down the inflation that is proceeding in each of these sectors. Several task forces will be set up in the next few weeks.

Health*--The Health Task Force will represent an extension of the Administration's current effort to reduce the spiraling costs of hospital care. The task force will also be concerned with ways of sharing the new expensive medical technology, methods of reducing paperwork in making medical payments, and ways to utilize more paramedical personnel. We will make every effort to persuade the Congress to enact our proposal to restrain hospital costs as the first step in slowing the rate of inflation in the health sector.

Transportation--This is a key sector, the cost of which affects the working of all other industries. The Transportation Task Force will work to find ways of making efficiencies and improving productivity in the traditional rail, auto, water and air transportation industries. Analyses of automobile insurance costs and the cost of safety regulations must be included in the responsibilities of this task force as well as the problem of the accelerating costs of automobile repairs.

* None of the underlined proposals for creating task forces or for assigning them to consider specific policy actions have been discussed with the agencies involved.

I have already arranged for the reduction of certain airline fares through sensible changes in our procedures for regulating airfares. I intend that this progress continue and that the common sense approach to regulation adopted in the airline case be extended to the truck and rail industries as well.

Housing and Construction--This sector has been a major contributor to inflation recently. The task force in this area will examine ways to cut housing costs, reviewing such things as land costs, property taxes, mortgage closing costs, building codes, costs of seasonal and cyclical swings in construction activity, and possible shortages of supplies.

I have directed (appropriate name) to examine ways to increase the harvest from the national forests so the recent rapid increase in lumber prices can be reversed. I have been assured that this harvest can be increased on a sustainable basis with no adverse effect on the availability of timber for future generations.

Energy--This is a sector in which we cannot expect overall price deceleration, but I have asked Secretary Schlesinger to see that our long run energy goals are met with the lowest possible costs in terms of inflation and lost efficiency.

Food--Every shopper knows how critical food prices are to the family budget. While we must maintain fair prices for our farmers, we must also work to make the processing and delivery of farm products more efficient. This task force will be required to examine existing marketing restrictions for agricultural products including import controls to see if prices cannot be reduced without serious injury to farmers' income.

(Section on farm bill veto goes here, if appropriate.)

These six task forces have responsibility for price developments in a large portion of the economy. Three out of every four consumer dollars are spent in these sectors. Many of the sectors--like transportation--have an effect on costs in the entire economy. If inefficiencies can be discovered and eliminated in each of these areas, much progress can be made against inflation.

THE PRESIDENT HAS SEEN

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

April 5, 1978

EYES ONLY

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CS*

Subject: Wholesale Prices and Employment and Unemployment
in March

The Bureau of Labor Statistics will release tomorrow (Thursday, April 6) at 9:00 A.M. figures on wholesale prices in March. On Friday, April 7, at 9:00 A.M. March figures on employment and unemployment will be published. On both fronts, the news is relatively good.

Wholesale Prices. (Starting this month the old wholesale price index will be renamed the producers price index.)

The index of finished goods prices at wholesale -- the index that BLS has given prominence in recent months -- rose 0.6 percent in March, compared with a 1.1 percent rise in February. The improvement was mainly in wholesale prices of consumer foods -- which went up 0.8 percent in March, compared with 1.1 percent and 2.9 percent in January and February, respectively. Meat prices are still going up, but less rapidly than earlier, and in March sugar prices declined.

Prices of finished goods other than foods continued to increase in March at about the same rate as in the last 3 quarters of 1977 -- that is, at 0.5 percent a month, or at an annual rate of 6 percent. As yet, we have seen no acceleration in the rise of these prices. Prices of crude industrial materials have been going up rapidly since last November, however, and continued to increase sharply in March. These materials constitute a very small part of total industrial costs, and the acceleration in their prices does not imply a more general acceleration of industrial prices.

This March report may help to dampen the panicky

reaction of the press to recent price developments. It does indicate that the recent price problem has been primarily in the food area. It does not mean, however, that the bulge in food prices is over. At the farm level, livestock prices rose 5 percent further in March, and grain prices were up another 7 percent. These increases will continue to feed through to consumer food prices over the next several months. And the longer run danger of creeping acceleration in non-food prices is still with us.

Employment and Unemployment

The March report on labor market developments provides clear evidence of a substantial bounce back in economic activity from the effects of adverse weather in January and February. A careful reading of the numbers is required to arrive at that conclusion, however, and it may be initially missed by the press.

The unemployment rate rose from 6.1 percent in February to 6.2 percent in March. Some increase was not at all surprising, following a sharp drop of 0.7 percentage points from October to March. Employment as measured in the sample survey of households rose moderately, (by 260 thousand) and somewhat less than the rise in the labor force. The increase in unemployment was entirely among blacks. The black unemployment rate fell a full percentage point in December (to 12.7 percent) and almost a full percentage point (to 11.8 percent) in February. At 12.4 percent in March, the rate for blacks still shows a significant improvement since last fall.

The evidence of a snapback in economic activity is contained in the figures on employment and hours worked as measured by payroll data of nonfarm establishments. Employment at these establishments rose 443 thousand in March, following a 330 thousand rise in February. These are large increases. Moreover, the length of the work week increased by half an hour in manufacturing and 0.3 hours in all private nonfarm establishments. With both employment and work week increasing, total hours worked at all nonfarm businesses increased 1.5 percent last month -- a very large increase. These gains, moreover, occurred despite the fact that the coal miners were still on strike during the survey week. Return of these workers to the mines will give an added fillip to the employment totals in April.

These employment figures confirm other signs -- strengthening auto sales, a pickup in weekly retail sales other than autos, and upward revisions in orders for durable goods -- that the effects of adverse weather are being made up. We

are likely to see continuing signs of strengthening in the statistics coming over the next several months. GNP growth in the second quarter will probably be very sizable, as first-quarter losses are made.

During the past several months, we noted repeatedly that the economy was stronger than the statistics were indicating. Over the next several months, we will be telling you the opposite story if our expectation of a strong snapback proves valid.

1836

THE WHITE HOUSE
WASHINGTON

April 6, 1978

Jim Gammill

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Hamilton Jordan

RE: ELIZABETH PETRIE

Joseph S. Clark
440 Rex Avenue
Philadelphia, Pa. 19118

March 30, 1978.

Enclosed please find resume of Elizabeth M. Petrie
which was omitted from our letter of March 27, 1978.

*Prosek
Secretary*

Joseph S. Clark
440 Rex Avenue
Philadelphia, Pa. 19118

Jim Gammill
Let me know what
she can serve on -
JG

March 27, 1978.

President Jimmy Carter,
c/o Ms. Susan Clough,
The White House,
Washington, D.C.

Dear Mr. President,

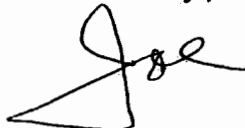
This, I guess, is the 15th or 20th recommendation for appointment I have made to you, which always elicits a polite reply, but absolutely no action. Apparently everything gets bogged down somewhere between Hamilton Jordan, Jody Powell and Griffin Bell.

The subject of the present recommendation is a truly outstanding individual, with whom I have worked for the better part of 40 years in reform politics in Philadelphia, Pittsburgh and elsewhere. You can rest assured she will do an outstanding job, despite what any of your favorite characters may say to the contrary.

I therefore send a recommendation along with the sad knowledge that nothing, repeat, nothing, will ever happen.

None-the-less, warm regards and good luck.

Sincerely,



Joseph S. Clark.

JSC/pd
Encl:

ELIZABETH M. (MRS. DONALD A.) PETRIE

Hyde Park Hotel
25 East 77th Street
New York, NY 10021
(212) RH 4-4300

CURRENT ART ACTIVITIES:

Vice President, Executive Committee Member, Philadelphia Museum of Art
Member, Board of Managers, University of Pennsylvania Museum
Member, International Exhibitions Committee, Washington, D.C.
Trustee, The Corcoran Gallery, Washington, D.C.
Overseer, Faculty of Arts and Sciences, University of Pennsylvania
Art collector, donor of major collection to Philadelphia Museum

FORMER CIVIC ACTIVITIES:

Former President, League of Women Voters, Philadelphia
Former Vice President, Foreign Policy Association, New York
Former member, Philadelphia Board of Public Education
Former member, Pennsylvania State Board of Education
Former member, National Advisory Council of the Peace Corps
Former member, Board of Directors, Blue Cross of Philadelphia

HONORS AND AWARDS:

L.L.D., Drexel Institute of Technology
L.H.D., Ursinus College
L.L.D., Temple University
Distinguished Daughter of Pennsylvania

1978.



President Jimmy Carter,
c/o Ms. Susan Clough,
The White House,
WASHINGTON, D.C.

Joseph S. Clark
440 Rex Avenue
Philadelphia, Pa. 19118

5
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88

04
KA

NH I - Since HST
Joe #1
Hosp Cost Containment

Rev Memo → me N month
HEW, DOL, TV, Com, DoD, VA,
CEA, OMB, DPS 4/4

Energy, etc.

(Meeting with
Senator Kennedy,
Doug Fraser, George
Meany...4/6/78)

Breakfast 4/6/78

TAX REFORM

CAMPAIGN - ISSUES

TAX CODE - AFFECT MOST

ATTITUDE → GOV'T

MUCH WORK

\$25 BIL ↓ = 1MIL JOBS
+ \$40 BIL NAT INC.

\$10,000 → 50,000 - 275%
33%

\$10,000 SUBSTANTIAL

DEPEND ON TAX REFORMS

SUBSIDIZE \$50 LUNCH

\$20 THEATER TICKETS

DEFERRAL SUBSIDY - FOR
INVEST

DISC SUBSIDY

SIMPLICITY - FAIRNESS

OPPONENTS = ORGAN/VOCAL

AGE DISCRIM IN EMPLOYMENT BILL

12/67 - LBJ 65 yrs old

now → 70 none fed

Voluntary ok
STUDIES

Soc SEC - EARNINGS & DRAW

HOSP COST CONT - NAT HEALTH

Tax reform - inflation

Energy

PETE WILLIAMS - CARL PERCINI -

GUS HAWKINS - PAUL FINDLEY -

CLAUDE PEPPER.

KATHRYN MORSE (11 YRS OLD)

re ERW

THE WHITE HOUSE
WASHINGTON

4/6/78

Fr R Byrd

- ① Repulse defense issue
- ② Jeopardizes SALT II agreement
- ③ Leaves some Senators out on a limb
- ④ NATO allies out on a limb
- ⑤ Surrender to Soviet propaganda
- ⑥ Withdrawal from UN Forest College
- ⑦ Timing busy re Panama
- ⑧ No quid pro quo
- ⑨ Moral act. not strong
- ⑩ Nuclear capability.

Meeting with Menator Kennedy,
Doug Fraser, George Meany 4/6/78

THE WHITE HOUSE
WASHINGTON

Not just my concern.
Congress

Ken - 1983 implement

Day TC speech. Black Mid States
41-42 state organi
UAW plan \$2000/yr
TK costs exaggerated

MEMORANDUM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

6 April 1978

TO: THE PRESIDENT
FROM: RICK HUTCHESON *R.H.*
SUBJECT: Memos Not Submitted

1. FRANK PRESS MEMO, letting you know that next week he will be in Brussels as head of the US delegation to the 20th anniversary of the NATO Science Committee. ✓
2. NOTE FROM WILLIAM MILLER, pledging enthusiastic support for this year's Savings Bond campaign. ✓
3. CLEMENT CONGER MEMO. As you requested, the chandelier which hung in the Treaty Room was returned to the Capitol on March 29. A replacement chandelier has been obtained, which can be paid for with contributed funds. ✓
4. JIM McINTYRE MEMO, reporting to you, as required by law, a violation of the law committed in 1976 by the Chief of the FCC's Administrative Services Division.

The responsible individual underestimated postage costs due the US Postal Service for obligations incurred by the FCC in 1976. The FCC has initiated disciplinary action against the responsible individual, and has agreed to cover the 1976 back-due postage through reprogramming. ✓

"The Commission's regulations for the administrative control of funds are considered to be adequate. Also, the Commission has taken, in our view, adequate measures to prevent a recurrence of this type of violation. No further action on your part is required at this time."

5. APPOINTMENT OF EIGHTH CIRCUIT NOMINATING COMMISSION.

The appointment of Judge Webster as FBI Director has created a vacancy in the Eighth Circuit of the US Court of Appeals. Justice and Bob Lipshutz' office request that you sign the attached letter, activating the panel, and requesting its assistance in filling the vacancy. With your permission, similar letters to the Commission Members can be autopenned.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

April 4, 1978

MEMORANDUM FOR THE PRESIDENT AND MRS. CARTER

FROM:

CLEMENT E. CONGER *Clem*

SUBJECT:

Treaty Room Chandelier

The chandelier which hung in the Treaty Room and which belonged to the Capitol, was returned to the Capitol on March 29. We have picked up from the Nesle firm in New York which has supplied many White House chandeliers a very beautiful Victorian two-tier chandelier for the Treaty Room which is very similar to the single tier chandelier now in the Lincoln Bedroom. These two chandeliers are more like the ones in the rooms originally than the great over-size chandelier that had once been in the East Room and which has now been returned to the Capitol. We have taken the chandelier from Nesle on approval. The price will be \$16,000. Chandeliers of comparable quality are being sold abroad for \$25,000. With your approval and that of the key members of the Committee for the Preservation of the White House, the chandelier can be paid for with contributed funds.

Enclosed is the draft statement which Mr. Moore in Congressional Relations has seen. My thought is that we would not release the statement here but have it at hand to release if and when the story leaks from the Capitol which it undoubtedly will.

Due to a structural and engineering problem in the ceiling of the Treaty Room, there will be a delay of a few days in hanging the new chandelier.

MEMORANDUM FOR FILE

FROM: CLEMENT E. CONGER, THE CURATOR

X 2183 morning
X 2570 afternoon

RE: CHANGE OF CHANDELIERS IN THE TREATY ROOM

The large Victorian chandelier which has hung in the Treaty Room on the second floor of the White House since 1962, when lent by the United States Capitol, was returned on March 29, 1978.

Three such fixtures were originally purchased for the East Room of the White House in 1873 during the Grant Administration. They hung there until 1902, at which time President Theodore Roosevelt engaged the firm of McKim, Mead & White to make architectural and decorative changes in the White House. The significant renovation of the East Room included the replacement of the three massive chandeliers, which were then purchased by the U. S. Capitol.

The Treaty Room was used as the Cabinet Room from the Andrew Johnson Administration to the Theodore Roosevelt Administration when, in 1902, the President's office quarters were moved to the newly constructed West Wing. In 1961, as part of her extensive redecoration of the White House, Mrs. Kennedy chose to return the Treaty Room to the Victorian style of that 19th century period. To augment White House furnishings from the Grant era

placed in the room, in January 1962, she sought the return from the Capitol of one of the 1873 White House chandeliers. With the approval of Vice-President Lyndon B. Johnson and Senate Minority Leader Everett Dirksen, Senate Majority Leader Mike Mansfield directed the Architect of the Capitol to lend one chandelier to the White House "on a temporary basis". That chandelier, which was removed from the Senate Connecting Corridor, "shall remain the property of the Capitol and shall be returned to the Capitol, in its present form, upon request of the Majority Leader of the Senate" (Letter of June 15, 1962).

In April 1977, upon the instruction of the Democratic Policy Committee, the present Senate Majority Leader, Robert C. Byrd, requested the return of the chandelier. In February 1978, President Carter directed that the chandelier, as property of the Capitol, be returned.

The Capitol chandelier has been replaced by a mid-nineteenth century English chandelier made for use in a palace in India but never installed. Its S-shaped light arms are arranged in two tiers. Each arm is fitted with a light fixture, shaded by a frosted glass globe decorated with the Greek key design. The chandelier has been electrified but was originally fueled with kerosene from a glass font below the burner.

THE WHITE HOUSE
WASHINGTON

4/5/78

TO. RICK HITCHESON

For Your Information: X

For Appropriate Handling:

To note and file.

RDL (meo)
Robert D. Linder



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

G. WILLIAM MILLER
CHAIRMAN

March 30, 1978

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

U. S. Savings Bond Program

Thanks for advising me of your appointment of Ray Marshall, Secretary of Labor, as Chairman of the Federal Interagency Committee for the Purchase of United States Savings Bonds. You've made a good choice.

As last year's national chairman of the U. S. Industrial Payroll Savings Committee, I'm already an enthusiastic supporter of the program. As the new Chairman of the Federal Reserve Board, it will be a pleasure for me to work with Secretary Marshall implementing the Savings Bond campaign within the Federal Reserve System this year.

Your personal leadership will be an important factor in what I am sure will be a successful program.

Sincerely,

A handwritten signature in dark ink, appearing to read "Bill", is written below the word "Sincerely,". The signature is stylized with a long, sweeping vertical line extending downwards from the bottom of the name.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

April 7, 1978

TO: THE PRESIDENT

FROM: Frank Press *FP*

Next week I will be in Brussels as head of the U.S. delegation to the twentieth anniversary of the NATO Science Committee. This committee was established to operate cooperative science and technology programs as a means of strengthening the NATO alliance. Since its creation, the program has provided opportunities for NATO scientists and engineers to participate in collaborative research and advanced training activities. This anniversary meeting will review major achievements of the last twenty years and examine future prospects for the committee. I will convey a message from you to the Conference. This message is now in the clearance process.

I will stop in London on the way to Brussels to consult with senior science and technology officials in the British Government, including Tony Benn.

THE WHITE HOUSE
WASHINGTON

4/6/78

TO: RICK HUTCHESON

For Your Information:

For Appropriate Handling: X

Robert D. Linder

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THE WHITE HOUSE
WASHINGTON
April 6, 1978

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson
cc: Secretary Schlesinger
Hamilton Jordan
Stu Eizenstat

NATIONAL ENERGY PLAN CONGRESSIONAL
STRATEGY

ADMINISTRATIVELY
CONFIDENTIAL

**. THE WHITE HOUSE
WASHINGTON**

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
/		EIZENSTAT
/		JORDAN
		LIPSHUTZ
/		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

		ARAGON
		BOURNE
		BRZEZINSKI
		BUTLER
		CARP
		H. CARTER
		CLOUGH
		FALLOWS
		FIRST LADY
		HARDEN
		HUTCHESON
		JAGODA
		GAMMILL

		KRAFT
		LINDER
		MITCHELL
		MOE
		PETERSON
		PETTIGREW
		POSTON
		PRESS
	/	SCHLESINGER
		SCHNEIDERS
		STRAUSS
		VOORDE
		WARREN

THE WHITE HOUSE
WASHINGTON

4/4/78

Mr. President:

Domestic Policy Staff has
no objection.

Rick



Department of Energy
Washington, D.C. 20585

THE PRESIDENT HAS SEEN.

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JIM SCHLESINGER
FRANK MOORE FM

SUBJECT:

National Energy Plan Congressional
Strategy

Prior to the recess, majorities of House and Senate Conferees offered natural gas proposals to their respective counterparts in a formal public conference. Although the proposals were substantively very close, the conference concluded with neither side willing to accept the other's position on the grounds that each had gone as far as they could.

The outstanding issues in this lengthy and often bitter controversy have been substantially narrowed as a result of these formal offers and there is a revived willingness to consider COET, in part because of the growing possibility of a natural gas settlement. The time now appears appropriate for increasing Presidential involvement in an effort to settle the few remaining, but potentially difficult, issues as part of the final drive toward enactment of the National Energy Plan. This memorandum provides:

1. A brief review of the major differences between the House and Senate natural gas proposals, as well as an analysis of the members' positions as they relate to these differences and possible resolutions.
2. A proposed program of Presidential action directed at securing a final natural gas agreement.
3. A parellel program of Presidential action directed at building support for a quick agreement on COET following settlement of the natural gas issue.

In general, the natural gas issue is on its way to resolution. There is a growing consensus on the need for a natural gas bill, and the remaining differences may well be related as much to the tension between the two Houses as to the substance of the two proposals.

Frank.
Keep me
up-to-date.
I'm eager to
help
J

COET, on the other hand, continues to experience substantial substantive resistance despite a growing recognition that it is the superior option for establishing replacement cost pricing.

Presidential involvement in the gas bill should be directed at quickly overcoming the remaining obstacles to agreement so that the powers of Presidential persuasion can be focused on the difficult task of securing agreement on COET.

THE NATURAL GAS BILL

A. Comparison of House and Senate Conference Offers

Following is a summary of the major areas of difference between the House and Senate proposals. In each instance the Senate bill will be described first since the House adopted the Senate's general approach and then suggested a series of specific "improvements."

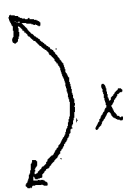
1. Deregulation Date

Senate

If no further action is taken under any other part of the bill, control of those categories of gas described in number 5 below would expire on January 1, 1985.

House

The House extends this expiration date six months to July 31, 1985.



2. Mechanism for Reimposing Controls for a Two-Year Period

Senate

The President or both Houses of Congress acting jointly can reimpose controls at any time after they have expired if the actual average price of new gas exceeds a target level price based on an assumed continuation of controls.



House

The President or either House of Congress separately can take action to continue controls for the two-year period any time prior to actual expiration of controls on July 31, 1985 pursuant to information provided by a required DOE study of market equilibrium and supply and demand balances.

3. New Gas PriceSenate

The new gas price would be \$1.75 per mcf as of April 20, 1977, plus inflation as measured by the CPI, plus 3.5 percent per year until April 20, 1981, and then 4 percent per year thereafter.

House

The House uses GNP to measure inflation instead of CPI, but otherwise is the same as the Senate until 1983 when the total annual allowable price rise increases to 12 percent in 1983, 13 percent in 1984, and 14 percent in 1985 (including inflation). This so-called floating cap ties allowable increases over each six-month period to the average price of the previous six-month period. X

4. Special Incentive PriceSenate

Gas from any wells located more than a state spacing unit from an existing well but within the two-and-a-half mile limitation for new wells is entitled to a special incentive price for reservoir extensions of \$1.75 plus inflation (no other escalation is allowed). X

House

The House adopts the same concept as the Senate but requires that such extension wells also be 5,000 feet or deeper.

5. Categories of Gas to Decontrol in 1985

Senate

- a. Anything classified as new natural gas
- b. Any extension well gas receiving the special \$1.75 plus inflation price.
- c. Intrastate contracts which under other sections of the proposal are allowed to exceed \$1 per mcf when they are renewed.

House

The House deregulates only the new gas category outlined in (a) above. Intrastate renewals would continue on at a floating cap ceiling price, and extension wells at their inflation-adjustment rate.

6. New Gas Definition

Senate

In addition to granting the new gas price to any new lease off-shore, the Senate allows new reservoirs (discovered after July, 1976) on old leases to receive the new gas price as well.

House

The House does not permit any off-shore new reservoir definition. Significantly, the House on-shore definition is basically the same as the Senate's. This on-shore definition is a major improvement over the pre-Christmas compromise.

7. Stripper Gas Price

Senate

For wells producing less than 60 mcf per day, the Senate proposal provides for a special price of \$2.09 per mcf plus inflation plus the applicable 3-1/2 or 4 percent escalation.

House

The House only allows for an inflation adjustment without any additional incentive adjustment; it also phases in the applicability of this provision between 100 and 60 mcf per day.

8. High Cost GasSenate

Immediately deregulates geopressurized methane, Devonian Shale, coal seam gas, and drilling below 15,000 feet.

House

Deregulates all but deep drilling only if it is sold directly by the producer to a specific user (currently about 1 percent of total sales); otherwise, it imposes a ceiling price equal to the Btu equivalent of number two fuel oil plus 10 percent. Deep drilling is not included in this category, but rather is left to FERC price setting discretion.

9. Incremental PricingSenate

FERC must develop a plan within 18 months applicable to the largest industrial users and submit that plan to Congress where it is subject to one House veto. They may submit a plan, subject to the same review process, that covers more than the largest industrial users. Any plan they submit must apply to interstate and intrastate users.

House

The House only extends incremental pricing to interstate users. They also reduce the submission time to one year, eliminate the Congressional veto-review, and broaden coverage beyond the largest industrial users.

B. Analysis

Acceptance by the House of the general framework of the Senate proposal, including a date certain for an end to controls and an on-shore new gas definition that legitimately applies to not-previously produced gas, represents settlement of probably the two most difficult issues before the Conferees.

Of those issues remaining, the most difficult in descending order of importance are probably:

1. Incremental pricing
2. End-point timing and control mechanisms
3. The off-shore definition
4. The categories of gas affected by decontrol.

The Senate version of number 4 accounts for over \$3 billion of the approximate \$5 billion difference between the two proposals between now and 1985. This compares to total producer revenues during the same period of approximately \$160 billion. Thus, the remaining differences between the two bodies--which started out at \$70 billion--are now relatively narrow in dollar terms. This \$5 billion differential may well be smaller in view of the fact that the Senate is not likely to concede this point while the House is probably willing to trade away their position on this issue for concessions on other remaining issues.

Any strategy for reaching final agreement must take into account the delicate nature of achieving and maintaining majorities for any proposal on either side.

The Senate proposal is supported by two distinct groups. The first group includes those Senate Democrats who oppose deregulation but are reluctantly supporting the compromise because of the need for a bill and their respect for Senator Jackson's leadership. They include:

1. Senator Jackson
2. Senator Church
3. Senator Bumpers
4. Senator Matsunaga
5. Senator Haskell (He has reserved the final right to vote against the bill on the floor.)

The second group includes both Democrats and Republicans who have strongly favored deregulation in the past, but now reluctantly believe that the Senate proposal is the best that can be done to achieve their goal. They include:

6. Senator Johnston
7. Senator Ford
8. Senator Domenici
9. Senator Hatfield
10. Senator McClure

Senate opposition includes a mix of Democratic regulators and Republican deregulators who respectively believe the Senate proposal goes too far and not far enough. They include:

1. Senator Abourezk
2. Senator Metzenbaum
3. Senator Durkin (although he has stated he only want the full heating oil tax credit as the price for his support)
4. Senator Bartlett
5. Senator Hansen
6. Senator Weicker
7. Senator Laxalt

After three months of difficult negotiations, the Jackson and Domenici factions have emerged firmly committed to each other and determined to resist any changes to their agreement.

The House proposal, on the other hand, may be more subject to change, with the final positions of the House conferees more fluid.

The House proposal was supported by just enough Democratic Conferees to carry by a 13 to 12 vote. It was supported by:

1. Representative Dingell
2. Representative Ashley
3. Representative Ullman
4. Representative Rogers

5. Representative Folley
6. Representative Bolling
7. Representative Rostenkowski
8. Representative Sharp
9. Representative Wilson
10. Representative Eckhardt
11. Representative Corman
12. Representative Reuss
13. Representative Staggers

Of this group, Dingell, Eckhardt, and Reuss present the greatest concern in terms of their unwillingness to accept any further movement toward the Senate. Reuss announced that he was against the House proposed compromise because it was too expensive. He has also indicated in a letter to you that he favors enactment of the first three energy bills to show the international community we are making progress on the energy bill. He does not believe that what is in the bill makes that much difference. He left the room during the House vote at the Conference, and Dingell voted his proxy in favor of the House proposal and ostensibly counter to Reuss' stated position.

The attitude of Dingell, and to a somewhat lesser degree Eckhardt, is indicative of many of the House Democrats' frustrations with the Conference and the Administration. They feel that it was the House, not the Senate, that fought for and passed your original natural gas and energy programs. Yet, it is the Senate that has received all the attention these last several months. Dingell and others stayed last December, at your urging, to work out a compromise. Jackson did not, yet it is Jackson who is now getting the credit for putting the compromise together. Your recent statement indicating--as they understood it--that you have always supported deregulation was regarded as a betrayal of their successful efforts to support the original Plan. Notwithstanding their protests that in exchange for reluctantly accepting a date certain for deregulation, the Senate will have to accept all of their other proposed changes, the real reason for their insistence on no further changes may well be related to these psychological factors and their assessment of the importance of the role they play in any final settlement. Thus, the fact of your working directly with them may ultimately be more important than their specific substantive concerns.

The members opposing the House proposal form a unique coalition that ranges from Toby Moffett, on the one hand, who believes all of the proposals on the table go much too far, to Bud Brown, on the other hand, who finds the duration of continued controls totally unacceptable. Those who voted against the House proposal include:

1. Congressman Moffett
2. Congressman Rangel
3. Congressman Vanik
4. Congressman Waggonner
5. Congressman Anderson <
6. Congressman Horton <
7. Congressman Steiger
8. Congressman Brown <
9. Congressman Jim Collins
10. Congressman Wydler
11. Congressman Archer
12. Congressman Bud Brown <

Unlike those opposed to the Senate proposal, however, there are a number of more moderate Democrats and Republicans from both consuming and producing states in this group who may be able to vote for a final settlement. The leadership believes that if their votes are needed, Rangel and Vanik are possibilities. Joe Waggonner has privately expressed support for the Senate position and in fact was instrumental in helping piece together the Senate coalition.

Perhaps most significantly, in varying degrees the moderate Republicans (Anderson, Horton, Steiger, and Gary Brown) are also sympathetic to the Senate proposal. They have been heavily lobbied by their local distribution and pipeline companies whose national associations strongly favor the Senate compromise because they believe it is the last chance to get a reasonable bill and believe the status quo is unacceptable. The Republicans' hesitancy to vote for the Senate compromise relates to their sense of loyalty to Bud Brown. His past leadership and seniority on this issue and his current adamant opposition to the length of the phase-out period presents the same kind of problem for them as Toby Moffett's protests present for Rangel and Vanik.

C. Summary

Given the firm position in the Senate and the potential fluidity of the House, the overall natural gas strategy should focus on an effort to find the needed additional votes in the House to agree to something close to the Senate proposal.

The preferred approach would be to convince Dingell and Eckhardt, joined by either Reuss and/or Vanik and Rangel, that a few further concessions must be made to the Senate in the interest of reaching a final agreement. The key to success under this approach is John Dingell. If he agrees to something that is also acceptable to Jackson and Domenici, it is clear that he can bring along enough of the other House swing Democrats to reach a final agreement. But he is still very upset with both Jackson and his perception of the Administration's support for the Senator's efforts. Therefore, a direct and continuing appeal by you to Dingell stressing the importance of his role and allowing him to vent his complaints holds the greatest promise of enlisting his final support and cooperation.

Without Dingell, the votes in the House for a final agreement will be more difficult to secure. Reuss, Vanik and Rangel will be most likely to follow Dingell's lead, although pressure from the leadership and you might help break them away if that becomes necessary. Eckhardt has broken away from Dingell in the past, but is already concerned that the House proposal goes too far and shares Dingell's frustrations with Jackson and the Administration.

Another possible approach would be, together with Joe Waggoner, separate enough Republicans from Bud Brown (assume a minimum of two, since no one is likely to go alone) to make up any deficiencies caused by Democratic defections. This approach would, however, provide the most direct challenge to both the leadership and Dingell, and run the greatest risk of creating a Dingell-Moffett coalition in opposition to the entire bill on the House Floor.

As long as it is clear that a House majority does not exist to agree with the Senate, Dingell is likely to continue pressing for concessions that will be unacceptable to the Senate. It is important that this not go on for too long, because after more than a week or two, the Senate coalition may finally lose its patience and retire from further deliberations.

It is also possible, however, that once Dingell senses that the votes are present in the House for a proposal that is acceptable to the Senate, he is likely to join in that settlement, not wanting to be left out of the final agreement. The more Democrats involved in such a potential coalition, the more likely Dingell will finally come along.

Thus the strategy for Presidential involvement should place a major emphasis on Congressman Dingell while simultaneously laying the groundwork for securing support from other possible sources--particularly Congressman Earhardt--should Dingell prove immovable.

The optimum solution would be to find those few changes that would be acceptable to the Senate while also gaining the support of some of the needed Democrats and Republicans, or possibly all of them, to assure the largest possible consensus on the floor. With little give on the Senate side, however, it will not be easy to find a formula that will satisfy swing Democrats in the House, as well as Joe Waggoner and the Republicans.

The strategy outlined in the next section is designed to pursue all of these possibilities.

PROPOSED PRESIDENTIAL PROGRAM ON NATURAL GAS

The exact nature of a package of final tradeoffs that may help save face for the House and be acceptable to the Senate will be clearer after several days of private discussions following the recess. Because of the need to obtain more intelligence on a workable solution, rather than immediately proposing a specific formula, your initial contacts over the course of the next several days should:

- Stress the importance of moving ahead rapidly on the energy bill in terms of the dollar and international financial considerations as well as the need for establishing domestic investment certainty.

- Stress the importance of a quick settlement on natural gas; nothing else in the energy bill can move forward until this occurs.
- Note how far all interests in this long-standing and bitter controversy have come, narrowing the House-Senate gap from \$70 billion to \$5 billion; the remaining differences are really very small.
- Stress the uncertainties of continued FERC cost-based regulation to the producer-state interests.
- Stress the fact that this program will cost no more than the status quo--and deliver far more gas to the consuming states--for the consuming state interests.
- Stress the advantage to all of opening up the intrastate market to interstate purchases at incentive pricing levels that protect consumers in all states for the next seven to nine years.
- Stress the need for early meetings between key House and Senate conference leaders to explore the areas of settlement. and
- Gather intelligence as to the possible final areas of compromise from each of the members to whom you talk.

Pursuant to your statement of last Friday announcing your intention to meet with Congressional leaders on the energy bill, you may want to convene a general meeting of the leading conferees and Congressional leadership sometime this week or next to make these points, as well as undertake a series of private calls and meetings to pursue specific issues on a more detailed basis. The leadership breakfast tomorrow morning may be an occasion to pursue this commitment or determine whether a separate meeting may be in order.

Specifically on natural gas, we would recommend that you speak with Congressman Ashley and Chairman Staggers by telephone today to determine their assessment of the overall situation and inform them of your inclination to meet with Congressman Dingell tomorrow. Dingell, Staggers, Ashley, Jackson, and Bumpers met this afternoon and you might be able to determine if any progress was made.

We would then recommend that you meet with Dingell tomorrow, possibly over lunch. In addition to striking the themes outlined above, we would also recommend that you:

- o Express appreciation for what the House has done and sympathy for their frustration with the Senate;
- o Indicate that some people have suggested that it might be possible to achieve a final conference agreement without the Congressman's support;
- o Stress that you do not want to do it that way, even if it were possible;
- o Underscore that you therefore hope that you can count on his help in closing the very small gap that remains between the two Houses.

Following the Dingell meeting, you might want to call Eckhardt and strike the same themes.

Later in the day on Wednesday, you may also want to call Congressman Anderson, stressing the opportunity for him to be a decisive statesman while seeking his advice as to the best approach for securing the same support from other Republican moderates like Horton, Gary Brown, and Steiger. Depending on the results of this discussion, you may also want to call each of them individually.

Calls after the Dingell meeting to Senators Jackson and Domenici indicating your appreciation for their efforts and your understanding of their situation may also be in order. While expressing sympathy for the Senate proposal, you may want to suggest that all parties should be seeking to find some minor changes to the Senate bill which would enable the House to save face and reach a final agreement.

Based on this first round of meetings and calls, together with the intelligence we gathered on the Hill, a decision can then be made later in the week as to the advisability of:

1. Calling the appropriate conferees down to the White House either by House or as a group and/or
2. Suggesting a specific Presidential resolution of the final differences.

PROPOSED PRESIDENTIAL PROGRAM ON COET

As a result of the progress on natural gas, recent public statements by Senator Long expressing a renewed interest in COET, a growing interest in the use of COET revenues for reducing Social Security taxes, and the convening of a meeting to be chaired by Congressmen Ashley, Ullman, and myself on Tuesday, April 4, with key oil industry representatives to discuss a workable COET oil incentive formula, there appears to be a growing interest in COET. Therefore, in your natural gas call to Ashley you may also want to:

- Stress the importance of laying the groundwork now for quick movement on COET.
- Indicate your desire to avoid less desirable measures if COET is a possibility, but note that time is running out.
- Indicate your awareness of the two o'clock meeting on Tuesday and the importance you attach to this kind of progress.
- Indicate your reservations about changing Social Security taxes in any way, but express your willingness to reluctantly consider this idea as a means of securing agreement on COET.

Similar calls to Ullman and Long on Tuesday or Wednesday should also be made.

Other key Democrats with whom you may want to meet this week to outline the need for action and enlist their support for COET would be Senators Bentsen, Ribbicof, Talmadge and Hanson.

After the Tuesday producer meeting, we should be in a better position to suggest the major ingredients of a successful COET passage. At that time it may also be appropriate for you to meet with some individual producers.

As soon as sufficient progress has been made on natural gas, within the next week or two at the most you may also want to convene a separate meeting of key tax conferees.

If these initial plans meet with your approval, Frank will clear the time for these calls and meetings and we will provide you with specific talking points for each call or meeting.

ID 781782

T H E W H I T E H O U S E

WASHINGTON

DATE: 04 APR 78

FOR ACTION:

INFO ONLY: THE VICE PRESIDENT

STU EIZENSTAT

HAMILTON JORDAN

JODY POWELL

JIM MCINTYRE

SUBJECT: SCHLESINGER MOORE MEMO RE NATIONAL ENERGY PLAN CONGRESSIO
STRATEGY

+++++ +++++ +++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: +

+++++ +++++ +++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON

April 6, 1978

Jack Watson

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson
RE: COORDINATION OF ADMINISTRATION
DEALINGS WITH THE WEST

THE WHITE HOUSE
WASHINGTON

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

ACTION	FYI	
<input type="checkbox"/>	<input type="checkbox"/>	MONDALE
<input type="checkbox"/>	<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	<input type="checkbox"/>	MOORE
<input type="checkbox"/>	<input type="checkbox"/>	POWELL
<input checked="" type="checkbox"/>	<input type="checkbox"/>	WATSON
<input type="checkbox"/>	<input type="checkbox"/>	McINTYRE
<input type="checkbox"/>	<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day	

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	GAMMILL

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

April 5, 1978

Good
J

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON

SUBJECT: Coordination of Administration Dealings with the West

As an outgrowth of his week-long trip to seven Western states in January the Vice President and several others of us have been actively seeking to better identify, coordinate, and favorably publicize those actions of the Administration having an extraordinary impact on the West. This undertaking is the result of at least the following observations reinforced by the January trip:

- ° Much of the uncertainty in the West about Administration policy, and to a lesser extent Administration motives, flows from the fact that we have an inordinate number of pending studies and policy reviews which will have a special impact on the West. As long as the "cloud" of those studies hangs over the West, there will be a tendency to fear the worst from the federal government.
- ° The many actions taken by the Administration which are "favorable" to Western interests have not been well packaged or "sold" to the groups who would receive them well.
- ° Virtually all the governors and many other key state and local officials in the West are Democrats whose fates are tied to yours.
- ° There is a tendency to view the West as an undifferentiated whole, thereby masking important differences politically and substantively both between States and within them.

The Vice President asked that I write you a brief description of the actions taken to date as part of our efforts to respond to these circumstances.

Policy Level Group--The Vice President has convened a group to oversee this effort composed of Secretaries Bergland, Andrus, and Schlesinger along with Ham, Stu, Eliot Cutler and myself. This group identifies major problems in the West, looks to them in the context of existing or evolving Administration policy, and suggests general ways to deal with them.

Resolution of Major Issues--The Policy Group identified a few overriding policy issues the resolution of which would have a major impact on our posture in the West. The Vice President is working with appropriate Departments and Stu's staff to expedite resolution of studies on:

- ° Water Policy
- ° Energy Impact Assistance
- ° Timber Policy

Formation of Working Group--At the Vice President's request I convened a working group of senior political appointees to survey Western issues, share information, and develop proposed strategies for coordinating Western contacts, announcements, and decisions of the Administration. The group includes representatives of seven Departments, OMB, Stu, Ham, Frank, and Jody. Larry Gilson of my staff chairs the group.

Canvas of Pending Administration Actions--The working group prepared an extended list of prospective Administration actions having a special Western impact. A copy of that list is attached.

Coordinated Promotion of Administration Actions--Through the working group we have sought to:

- ° identify clusters of related Administration actions which, when resolved and publicized together, show a more responsive, vigorous Administration initiative than would otherwise be possible;
- ° find the most favorable way to characterize and promote actions taken; and
- ° assure that the consultation with affected groups in the West is genuine, timely, and well coordinated from issue to issue.

In each instance we have arranged for:

- ° a White House press release on the issue (to supplement what would have otherwise been only a Departmental release);
- ° personal telephone calls to key Western officials to inform them of key decisions;

- preparation and distribution of background memoranda on the issues to be sent to Western newspaper and broadcast editors and writers; and
- specially prepared two-page fact sheet/talking points for use by Administration speakers traveling to the West as part of Frank's efforts to help Democratic candidates (these materials are also supplied to John White at the DNC. Arrangements have been made to coordinate all these efforts closely with John.)

We have used this approach over the past few weeks to highlight Administration actions dealing with:

- Promotion of Western products for export; and
- Proposed Administration legislation to assist branch line railroads.

We anticipate taking similar actions over the next few weeks on:

- Timber Policy
- Water Policy
- Energy Impact Assistance
- Rural Development

Western Editors' Briefing--We are working with Pat Barrio to arrange an editors briefing for Western press. Now scheduled for April 28, the editors would be briefed on water policy, impact assistance, urban policy, railroad assistance, and export promotion in addition to meeting with you. A similar set of briefings for the Washington bureau chiefs of Western newspapers is being considered.

Presidential Trip to the West--At the request of the Vice President, I am preparing some preliminary thoughts on a possible Western trip proposal for you. The Vice President's group will discuss this matter at our next meeting before making a recommendation to you.

Attachment

cc: Vice President Walter F. Mondale, with attachment

LIST OF WESTERN ISSUES

Energy

Energy Production
Comprehensive Energy Management Planning
Energy Impact Assistance
Alaskan Oil Pipeline
Alaskan Gas Pipelines
Coal Slurries
Gasahol
Off-Shore Permits
Permits
Water Transportation of Alaskan Oil

Water

Water Policy Review
Water Projects
Dam Safety
Water Resources Council Reorganization
Federal Compliance with State Water Law

Agriculture

160 Acres
Grazing Fees
Credit
Beef Imports
Foreign Market Promotion
Parity

Reorganization (PRP)

Natural Resources
Local Areas Development
Border Management (Undocumented Workers)
Disaster Relief
Location and Transfer of Regional Offices
Future of Title V Commissions

Transportation

Amtrak Route Restructure
Truck Size and Weight Enforcement
Energy Traffic Increase
Rural Transportation Needs
Airline Deregulation
55 MPH Speed Limit
Interstate Completion
Intercity Bus Service
Rail Abandonment
Rail Relocation

Other Resource Management

Rare II
BLM Organic Act Regulations
Wild Horses and Burros
Forest Mgt/Fire Control
Predator Control
Coastal Regulation
Marine Mammal Protection (e.g. Bowhead Whales)

Human Services

Rural Health Clinics
Hospital Cost Containment
Manpower Training
Health Planning Regulations

Indian Issues

Jurisdiction
Water and Mineral Rights
Energy Development on Indian Lands
Indian Fishing Rights

Economic Development

Selection of Sites for CED'S
Major Grants
Export Promotion
Adverse Trade Impacts Policy
Coastal Fishery Development
Port Development

Pollution Control

Air Pollution Standards for New Sources
Non-Attainment Policy
Visibility Protection
Water Regulations for Coal Mining
Irrigation Return Flows
Federal Compliance
Cleveland Wright Amendment
Oil Soils

Weather

Drought Assistance
Storms and Related Natural Disasters
Weather Modification

Other General Themes

Rural Development
Federal Ownership
Urban Policy

THE WHITE HOUSE
WASHINGTON

April 6, 1978

Frank Moore

The attached was returned in the
President's outbox today and
is forwarded to you for appropriate
handling.

Rick Hutcheson

DIGGS DONOHUE

CONGRESSIONAL PHONE CALL TO
STAGGERS

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
✓		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

Mr. President:

The DoD has no objection
to your granting the re-
quested exemption.

Rick (wds)

~~Mr. President~~

Mr. President - - This
man is to be buried
today

he

Disapprove

Washington Post
Wednesday, April 5, 1978

F. Joseph Donohue, 78, Dies; Lawyer Headed Old D.C. Board

By Jean R. Hailey
Washington Post Staff Writer

F. Joseph (Jiggs) Donohue, 78, well-known Washington lawyer since 1925 and civic leader and former president of the D.C. Board of Commissioners, died yesterday at George Washington University Hospital after a heart attack.

One of the most popular political figures of this city at a time when its populace had no vote, a friend of presidents and presidential aspirants, a favorite speaker at any and all occasions, Mr. Donohue had worked at his office on Monday. He was stricken at his home in Georgetown Monday night.

Mr. Donohue was appointed a D.C. commissioner in February 1951 by President Harry S. Truman and confirmed by the Senate a month later.

At the time, he was assistant director in charge of enforcement in the Office of Price Stabilization. He also reportedly was a poker-playing enemy of the chief executive.

Mr. Donohue had made something of a name for himself nationally in the late 1940s. As a special assistant to the U.S. attorney general, he had successfully prosecuted labor leader Harry Bridges, whose deportation was sought by the government. (The conviction later was reversed).

But Mr. Donohue was considered a dark horse candidate for one of the top jobs in the District of Columbia.

His nomination was greeted with some concern in some quarters because he was closely identified with wholesale liquor interests. At the same time it was cheered because he had gone on record as favoring home rule.

Mr. Donohue did not let his backers down. He divorced himself from participating in matters relating to the liquor industry. He plunged head first into hard work.

Within seven weeks after he was sworn in to office, he had made more than 80 speeches. He talked at breakfasts, lunches and dinners.

Later, Mr. Donohue had radio and television shows in order to give people weekly reports on their local government. He helped bring about improvements in the police department.

He recognized the importance of redevelopment and long-range capital improvements. He showed tolerance in racial matters. The schools then were still segregated. He worked to improve conditions in the black schools.

After he became president of the Board of Commissioners on July 1, 1952, Mr. Donohue fought vigorously to get a larger federal payment to the city.

Although he was generally an agreeable and placid man, Mr. Donohue could talk tough, for instance, when he went before the Senate District Committee one time to give his views on what could be done about better governing the city.



F. JOSEPH DONOHUE

He accused the Congress of "studied neglect" and deplored the tremendous burden that had fallen upon Washington taxpayers. He called for reorganization of the city's government and for home rule.

With a change to a Republican administration in 1953, Mr. Donohue, an active Democrat, submitted his resignation in April. Along with it went his own report on what he felt had been accomplished.

"After two years of public service, I find myself financially poorer, physically and mentally more tired but spiritually tremendously enriched," he said.

He noted that board meetings had been opened to the press, a day had been set aside each month to hear citizens views on proposed changes in regulations, a Citizens Advisory Council had been established, and the firing and promotion of D.C. government employees became based on merit rather than politics.

In an editorial when he left the position, The Washington Post said he deserved "the lasting gratitude of the residents of Washington for the kind of job he has done. Not only did he render conscientious and progressive service as one of the city's nonelected overseers, he brought to the District Commission a vitality that invigorated the whole city government . . . Perhaps his greatest service was in stimulating new interest on the part of citizens in their local government."

In later years, after Washington's form of government changed to a mayor-commissioner and city council, Mr. Donohue changed his views and expressed opposition to home rule. At that time, the mayor and council members were presidential appointees.

He said then that Washington was a

federal city and that the federal government's interests should come first. He noted that both blacks and whites were moving to the suburbs, leaving poorer persons behind with a resulting decline in the tax base.

He added, without further explanation, that while he backed the proposal giving the city a nonvoting delegate to Congress, he did not favor giving the delegate a vote.

Mr. Donohue had frequently been praised for, and had been proud of, his reputation of keeping an open mind and for changing it when he was convinced he was wrong.

In 1956, he ran the unsuccessful bid by the late Sen. Estes Kefauver for the Democratic presidential nomination. But he succeeded in getting the vice presidential nomination for his candidate. He served as vice chairman of the (Adlai) Stevenson-Kefauver Campaign Committee that year. He had been chairman of the District of Columbia delegation to the Democratic National Convention in 1952.

Born in Lynn, Mass., Mr. Donohue graduated from Catholic University in 1922 and received his law degree there three years later. He was a track star and played football and other sports. He was one of the original inductees in the Catholic University Athletic Hall of Fame.

Mr. Donohue was an instructor of economics and banking at both Catholic University and the American Institute of Banking from 1922 to 1930. He revised the textbook, "Standard Banking," for the American Bankers Association.

He had been a director of the First National Bank of Washington and president of the Realty Title Insurance Co. For the past four years, he and his firm, Donohue, Kaufmann, Shaw and Kilgman, of which he was senior partner, had represented Financial General Bank Shares before the Federal Reserve Board.

Mr. Donohue also had taught law at Columbus University, now part of Catholic University, from 1936 to 1940. He was a lecturer at the Army Industrial College and the Washington police academy.

A veteran of brief Army service in World War I, Mr. Donohue was an Army Air Force combat intelligence officer in World War II. He saw duty in England and France with a heavy bombardment group and earned a Bronze Star. He later was a lieutenant colonel in the Air Force Reserve.

He was a member of the D.C. and American Bar Associations, a Fellow of the American College of Trial Lawyers and a member of the National Lawyers Club and the Barristers. He belonged to the American Legion, the American Veterans of World War II, the Military Order of World Wars and the Army & Navy Club.

On Mr. Donohue's 75th birthday, judges, lawyers, bank presidents and businessmen gathered to honor him. It was only one of many testimonials that had been given to him over the years.

"When he was the commissioner," recalled one guest, "he was Mister Big in the District." His friends still thought of him that way until his death.

He is survived by his wife, Martha Vey Apperson Donohue, of the home.

Washington Post *4/6/78* F. Joseph (Jiggs) Donohue

FEW PARTISAN RESIDENTS of this community look back with much fondness on the years when the District was entirely under the colonial thumb of Congress, with three presidentially appointed commissioners installed in city hall to mind the store as well as their municipal Ps and Qs. But if ever there was an exciting respite in the District Building back then, it was the two-year run of F. Joseph (Jiggs) Donohue as a commissioner and eventually as president of the board of commissioners. Mr. Donohue, who died here Tuesday at the age of 78, promptly won the hearts of Washingtonians with a nonstop barrage of blarney, boosterism and remarkably gutsy speeches in behalf of this city and its rightful desire for a measure of self-determination.

Mr. Donohue never was content to be a mere caretaker in the District Building. He plunged in quickly—making more than 400 speeches in his first year, initiating weekly radio and television reports to the people on the doings of government and encouraging citizen participation in their restricted local franchise. There was the time in February 1953, for example, when Mr. Donohue was sitting as a spectator at a session of the Senate District Committee, listen-

ing to members rattle off their ideas on how the city should be run. After they had finished, he was asked if he had anything to say. He proceeded to accuse Congress of "studied neglect" of the city, noting that the burden had become one that taxpayers could "no longer continue to endure."

Mr. Donohue also spoke bluntly to the senators about the racial makeup of the city and its connection with the denial of voting rights here: "We look like Americans and dress like Americans. We pay taxes like Americans. When war comes we fight like Americans. But we have no rights as Americans either to vote for our local municipal officers, or to vote for the president or vice president of the United States."

With characteristic fervor, Mr. Donohue campaigned for larger federal payments to the city, improved personnel procedures, an end to segregated schools, greater economic development and home rule. Though his interest in home rule later turned to opposition, he will be remembered most for his stout devotion to the city at a time when it counted a great deal—and for bringing to the District Building the vitality it needed to press on for better local government.

Done
C

THE WHITE HOUSE
WASHINGTON

CONGRESSIONAL TELEPHONE CALL

TO: Congressman Harley Staggers (D-W.Va.)

DATE: Thursday, April 6
FYI: Certain Members of the Conference are scheduled to meet today at 1:30 p.m.

RECOMMENDED BY: Frank Moore *F.M./ER*

PURPOSE: To reinforce his commitment to move the matter forward, thank him for his special efforts in the Conference to date, and to get his reading of the current mood.

BACKGROUND: On Tuesday, Staggers, Dingell, Ashley, Eckhardt, Jackson, McClure and Bumpers met privately and made substantial progress toward resolving several of the outstanding issues.

Yesterday, the meeting was broadened to include Charlie Wilson, Johnson and Domenici. As the discussion turned to the most difficult issues of incremental pricing and the end point decontrol mechanism, the going became more difficult. The Senate members are beginning to get impatient, feeling that they are being nickeled and dimed, and the mood is beginning to get a little tenser again.

The group will convene again this afternoon at 1:30 p.m.

TOPICS OF DISCUSSION:

1. Mr. Chairman, I want to thank you for all your efforts in moving this most difficult conference forward.
2. How does it look to you?
3. I thought I might meet this week with John (Dingell) to talk a little about how important it is to reach a quick settlement.

4. I know you understand how important it is to move ahead rapidly in terms of the dollar and international financial considerations, as well as the need for establishing domestic investment certainty.
5. Nothing else in the energy bill can move forward until natural gas is settled.
6. It is significant how far all interests in this long-standing and bitter controversy have come, narrowing the House-Senate gap from \$70 billion to less than \$5 billion; you have been instrumental in this and the remaining differences are really very small.
7. It is important to remind Dingell, Eckhardt, and others that this program will cost no more than the status quo--and deliver far more gas to the consuming states.
8. Is there anything else I should be doing?
9. Don't hesitate to call on me.

THE WHITE HOUSE
WASHINGTON

NOTE:

4/6/78

The original of the signed picture was given to Frank Moore's office for delivery.

THE WHITE HOUSE
WASHINGTON

Mr. President --

Seems to me that if you
have one made for Pell..
then you're going to have other
tennis organizations who will
want one...and then bowling
clubs...fishing...hunting.

What about inscribing an
official photo to the
Rhode Island Tennis Hall of
Fame?

--SSC

(If you agree, I've attached
photo.)

THE WHITE HOUSE

WASHINGTON

April 4, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE

FM.

Senator Pell telephoned me while you were away asking for a photograph of you playing tennis. The Senator wanted the photo to give to the Rhode Island Tennis Hall of Fame.

I have been advised by the photo office that such a photo is not obtainable. Is this a hard and fast rule or could we make an exception for Senator Pell?

NO PHOTO _____

OK TO SEND PHOTO _____



To the Rhode Island Tennis Hall of Fame
Jimmy Carter
(fellow tennis player)

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

C

MEETING WITH SENATOR HOWARD METZENBAUM

Thursday, April 6, 1978

2:00 p.m. (15 minutes)

Oval Office

From: Frank Moore *J. M. / me*

I. PURPOSE

To discuss energy legislation.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: Senator Metzenbaum serves on the Energy and Natural Resources Committee, the Judiciary Committee, and the Select Committee on Indian Affairs.

His wife's name is Shirley.

- B. Participants: The President
Senator Howard Metzenbaum (D-Ohio)
Frank Moore

- C. Press Plan: White House Photo only.

III. TALKING POINTS

To be provided to you by Frank Moore.